

MEMORANDUM

TO: Barnstable County Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 2, 2014

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). This schedule is based on the results of your January 1, 2014 actuarial valuation. The schedule is effective in FY15 (since the FY15 amount under the prior schedule was maintained) and is acceptable under Chapter 32.

Although we are approving this schedule, we would have preferred a schedule be adopted in which the FY16 amount is greater than that of the prior schedule, especially since the valuation results reflect increases in the COLA base over the next three years. This would have allowed for a schedule that amortizes the unfunded actuarial liability prior to FY36. For the past year, we have been recommending that systems move toward fully funding by FY35. This provides more flexibility in the event of a market downturn.

However, we do note that the Board adopted more conservative investment return and mortality assumptions and reduced the amortization basis by two years. These are positive steps with regard to funding.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.



SECTION 2: Valuation Results for the Barnstable County Retirement System

CHART 16

Funding Schedule 1 – Fully Funded by 2036 with COLA base increased to \$16,000 effective July 1, 2015, \$17,000 effective July 1, 2016 and \$18,000 effective July 1, 2017

(1) Fiscal Year Ended June 30,	(2) Employer Normal Cost	(3) Amortization of ERI (2002) Liability	(4) Amortization of ERI (2003) Liability	(5) Amortization of ERI (2010) Liability	(6) Amortization of Remaining Liability	(7) Plan Cost Without Retired County Sheriff Liability: (2)+(3)+(4) +(5)+(6)	(8) Amortization of Retired County Sheriff Liability	(9) Total County Sheriff Appropriation: (7)+(8)	(10) Total UAL at Beginning of Fiscal Year	(11) Increase Over Prior Appropriation
2015	\$12,682,491	\$398,358	\$187,423	\$263,893	\$37,856,333	\$51,388,498	\$1,085,077	\$52,473,575	\$598,771,744	-
2016	13,414,430	414,292	194,920	263,893	38,981,509	53,269,044	1,306,971	54,576,015	606,693,833	4.01%
2017	14,179,273	430,864	202,717	263,893	40,865,470	55,942,217	1,359,250	57,301,467	614,829,148	4.99%
2018	14,978,560	448,098	210,825	263,893	42,905,626	58,807,002	1,413,620	60,220,622	622,475,592	5.09%
2019	15,643,228	466,022	219,258	263,893	44,490,138	61,082,539	1,470,165	62,552,704	621,119,141	3.87%
2020	16,337,205	484,663	228,029	263,893	46,171,011	63,484,801	1,528,972	65,013,773	618,385,726	3.93%
2021	17,061,778	504,050	237,150	263,893	47,950,122	66,016,993	1,590,130	67,607,123	614,004,893	3.99%
2022	17,818,288	524,212	246,636	263,893	49,830,003	68,683,032	1,653,736	70,336,768	607,691,388	4.04%
2023	18,608,135	545,180	256,501	-	51,823,203	71,233,019	1,719,885	72,952,904	599,245,011	3.72%
2024	19,432,781	566,987	266,761	-	53,896,131	74,162,660	1,788,681	75,951,341	588,212,594	4.11%
2025	20,293,751	589,667	277,432	-	56,051,977	77,212,827	1,860,228	79,073,055	574,026,208	4.11%
2026	21,192,637	613,253	288,529	-	58,294,056	80,388,475	1,934,637	82,323,112	556,349,462	4.11%
2027	22,131,099	637,784	300,070	-	60,625,818	83,694,771	2,012,022	85,706,793	534,816,218	4.11%
2028	23,110,872	663,295	312,073	-	63,050,851	87,137,091	2,092,503	89,229,594	509,028,134	4.11%
2029	24,133,765	689,827	324,556	-	65,572,885	90,721,033	2,176,203	92,897,236	478,552,020	4.11%
2030	25,201,664	717,420	337,538	-	68,195,800	94,452,422	2,263,252	96,715,674	442,916,975	4.11%
2031	26,316,542	746,117	351,040	-	70,923,632	98,337,331	2,353,782	100,691,113	401,611,302	4.11%
2032	27,480,454	775,961	365,081	-	73,760,577	102,382,073	2,447,933	104,830,006	354,079,169	4.11%
2033	28,695,546	807,000	379,684	-	76,711,001	106,593,231	2,545,850	109,139,081	299,717,016	4.11%
2034	29,964,058	839,280	394,872	-	79,779,441	110,977,651	2,647,684	113,625,335	237,869,665	4.11%
2035	31,288,326	872,851	410,667	-	82,970,618	115,542,462	2,753,592	118,296,054	167,826,126	4.11%
2036	32,670,789	907,733	427,094	-	86,289,444	120,295,060	2,863,734	123,158,794	88,815,076	4.11%
2037	34,113,991	-	-	-	-	34,113,991	-	34,113,991	-	-72.30%
2038	35,620,590	-	-	-	-	35,620,590	-	35,620,590	-	4.42%

Notes: Recommended contributions are assumed to be paid on July 1 and December 31.

Item (2) reflects 4.0% growth in payroll and 0.15% adjustment to total normal cost to reflect the effects of mortality improvement due to the generational mortality assumption.

Projected normal cost does not reflect the future impact of pension reform for future hires.

Amortization payments calculated to increase 4.0% per year, except for 2010 ERI amortization payments, which are level.

Reflects deferred investment gains.

The Retiree Sheriff 2002 ERI payment is included in item (8).

Fiscal 2016, 2017 and 2018 amounts are adjusted to reflect the increase in the COLA base effective that July 1.